BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF)
BLACK HILLS POWER, INC. FOR AUTHORITY)
TO INCREASE ITS ELECTRIC RATES)

ORDER GRANTING JOINT
MOTION FOR APPROVAL OF
SETTLEMENT STIPULATION
AND APPROVING CONTRACT
WITH DEVIATIONS
EL06-019

On June 30, 2006, Black Hills Power, Inc. (BHP), filed with the Public Utilities Commission (Commission) an application to increase rates for electric service to customers in its service territory by \$9,593,688 annually or approximately 9.5% based on BHP's 2005 test year. The company states the proposed increase for a residential customer would be \$5.16 per month based on usage of 600 kwh. The proposed rates may potentially affect approximately 60,434 customers in BHP's service territory.

On July 20, 2006, the Commission issued an Order assessing a filing fee pursuant to SDCL 49-1A-8 against BHP up to the statutory limit of \$100,000, suspending the operation of the schedule of rates proposed by BHP for 90 days beyond July 30, 2006, pursuant to SDCL 49-34A-14 and establishing an intervention deadline of August 25, 2006. On August 24, 2006, the Commission issued an Order Granting Intervention to Merillat Industries, LLC, Pope & Talbot, Inc. and GCC Dacotah, Inc. (collectively, BHI). On September 26, 2006, the Commission issued an Order for and Notice of Procedural Schedule and Hearing setting this matter for hearing on November 20–21, 2006. On October 3, 2006, the Commission issued an Order Granting Intervention to Rushmore Forest Products as a participant in BHI. On October 27, 2006, the Commission issued a Second Order for and Notice of Procedural Schedule and Order Cancelling Hearing, having been advised by the parties that they had reached a settlement of the case. On October 31, 2006, the Commission issued an Order Extending Suspension of Imposition of Tariff further suspending the effectiveness of BHP's proposed rates for 60 days past October 28, 2006. On November 22, 2006, the Commission issued an Order Cancelling Procedural Schedule. On December 20, 2006, BHP and Staff filed a Joint Motion and Stipulation (Stipulation), Customer Notice Final Residential Demand, Customer Notice Final Residential Total Electric and Customer Notice Final Residential. BHP's proposed South Dakota Electric Rate Book, Tariff Schedules Applicable to Electric Service of Black Hills Power, Inc. was filed as Exhibit C to the Stipulation (BHP Tariff). On December 22, 2006, Staff filed a Staff Memorandum Supporting Settlement Stipulation explaining in detail the basis for the Stipulation and the rates agreed to therein between BHP and Staff.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13, 49-34A-17, 49-34A-19, and 49-34A-21.

The Stipulation was duly noticed for Commission consideration and action at an Ad Hoc Commission Meeting to be held at 9:00 a.m. CT on December 28, 2006. The meeting was held as scheduled. BHI appeared through counsel, and BHP and Staff appeared through counsel and other representatives. Having thoroughly reviewed the filings in the docket and made inquiry of the parties at the hearing, the Commission found and concluded that the rates, terms and conditions proposed in the Stipulation and BHP Tariff were just, reasonable and in the public interest and that good and sufficient cause was demonstrated to approve the Stipulation, including the BHP Tariff, and voted unanimously to approve the Stipulation and grant the Joint Motion for Approval of Settlement Stipulation. The Commission further found that the Confidential Settlement Agreement between

BHP and BHI (BHP/BHI Settlement) was just, reasonable and in the public interest, and the Commission voted unanimously to approve the BHP/BHI Settlement as a contract with deviations to the BHP Tariff and to include in the Order that BHP should file a conforming tariff schedule pursuant to ARSD 20:10:13:09 and 20:10:13:10 within 30 days and that the procedural scheduling commitment relative to approval of automatic adjustment clauses under the BHP Tariff contained in Section 8.b. of the BHP/BHI Settlement should be approved and included in the Order.

The revised tariff sheets proposed by BHP in the BHP Tariff and approved herein, effective for service rendered on and after January 1, 2007, are set forth on Attachment A to this Order and are incorporated by reference herein the same as if they had been set forth in their entirety herein.

It is therefore

ORDERED, that the Joint Motion for Approval of Settlement Stipulation is hereby granted. The Settlement Stipulation is incorporated by reference into this Order the same as if it had been set forth in its entirety herein; and it is further

ORDERED, that the BHP Tariff sheets set forth on Attachment A hereto are approved for service rendered on and after January 1, 2007; and it is further

ORDERED, that the Confidential Settlement Agreement between BHP and BHI dated November 27, 2006, is approved as a contract with deviations to the BHP Tariff; and it is further

ORDERED, that the Commission shall adopt procedural schedules for approval of filings under the automatic adjustment clauses contained in the BHP Tariff such that final decisions and orders will be issued no later than September 30 of the year in which the filings are made.

Dated at Pierre, South Dakota, this 29th day of December, 2006.

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges crepaid thereon. By: Date: (OFFICIAL SEAL)

DUSTIN M. JOHNSON, Chairman

Jacque

GARY HANSON, Commissioner

STEVE KOLBECK, Commissioner

ATTACHMENT A

SECTION 1 TABLE OF CONTENTS

Fifteenth Revised Sheet No. 1 Sixteenth Revised Sheet No. 2 Eleventh Revised Sheet No. 3 Sixth Revised Sheet No. 4 Replaces Fourteenth Sheet No. 1 Replaces Fifteenth Sheet No. 2 Replaces Tenth Sheet No. 3 Replaces Fifth Sheet No. 4

SECTION 2 PRELIMINARY STATEMENTS

Second Revised Sheet No. 1

Replaces First Sheet No. 1

SECTION 3 RATE SCHEDULES

Tenth Revised Sheet No. 1 Tenth Revised Sheet No. 2 Tenth Revised Sheet No. 3 Tenth Revised Sheet No. 4 Eighth Revised Sheet No. 5 Eighth Revised Sheet No. 6 Tenth Revised Sheet No. 7 Tenth Revised Sheet No. 8 Tenth Revised Sheet No. 9 Tenth Revised Sheet No. 10 Tenth Revised Sheet No. 11 Tenth Revised Sheet No. 12 Tenth Revised Sheet No. 13 Tenth Revised Sheet No. 14 Tenth Revised Sheet No. 15 Twelfth Revised Sheet No. 16 Twelfth Revised Sheet No. 17 Twelfth Revised Sheet No. 18 Tenth Revised Sheet No. 19 Tenth Revised Sheet No. 20 Eleventh Revised Sheet No. 21 Eleventh Revised Sheet No. 22 Eleventh Revised Sheet No. 23 Tenth Revised Sheet No. 24 Tenth Revised Sheet No. 25 Tenth Revised Sheet No. 26 Tenth Revised Sheet No. 27 Ninth Revised Sheet No. 28 Second Revised Sheet No. 29 Third Revised Sheet No. 30 Fifth Revised Sheet No. 31 Fourth Revised Sheet No. 32 First Revised Sheet No. 33 First Revised Sheet No. 34 First Revised Sheet No. 35 Original Sheet 36

Replaces Ninth Revised Sheet No. 1 Replaces Ninth Revised Sheet No. 2 Replaces Ninth Revised Sheet No. 3 Replaces Ninth Revised Sheet No. 4 Replaces Seventh Revised Sheet No. 5 Replaces Seventh Revised Sheet No. 6 Replaces Ninth Revised Sheet No. 7 Replaces Ninth Revised Sheet No. 8 Replaces Ninth Revised Sheet No. 9 Replaces Ninth Revised Sheet No. 10 Replaces Ninth Revised Sheet No. 11 Replaces Ninth Revised Sheet No. 12 Replaces Ninth Revised Sheet No. 13 Replaces Ninth Revised Sheet No. 14 Replaces Ninth Revised Sheet No. 15 Replaces Eleventh Revised Sheet No. 16 Replaces Eleventh Revised Sheet No. 17 Replaces Eleventh Revised Sheet No. 18 Replaces Ninth Revised Sheet No. 19 Replaces Ninth Revised Sheet No. 20 Replaces Tenth Revised Sheet No. 21 Replaces Tenth Revised Sheet No. 22 Replaces Tenth Revised Sheet No. 23 Replaces Ninth Revised Sheet No. 24 Replaces Ninth Revised Sheet No. 25 Replaces Ninth Revised Sheet No. 26 Replaces Ninth Revised Sheet No. 27 Replaces Eighth Revised Sheet No. 28 Replaces First Revised Sheet No. 29 Replaces Second Revised Sheet No. 30 Replaces Fourth Revised Sheet No. 31 Replaces Third Revised Sheet No. 32 Replaces Original Sheet No. 33 Replaces Original Sheet No. 34 Replaces Original Sheet No. 35

SECTION 3A ENERGY MANAGEMENT RATE SCHEDULES

Fourth Revised Sheet No. 1 Replaces Third Revised Sheet No. 1 Fourth Revised Sheet No. 2 Replaces Third Revised Sheet No. 2 Third Revised Sheet No. 3 Replaces Second Revised Sheet No. 3 Third Revised Sheet No. 4 Replaces Second Revised Sheet No. 4 Third Revised Sheet No. 5 Replaces Second Revised Sheet No. 5 Fifth Revised Sheet No. 6 Replaces Fourth Revised Sheet No. 6 Fifth Revised Sheet No. 7 Replaces Fourth Revised Sheet No. 7 Fifth Revised Sheet No. 8 Replaces Fourth Revised Sheet No. 8 Fourth Revised Sheet No. 9 Replaces Third Revised Sheet No. 9 Fourth Revised Sheet No. 10 Replaces Third Revised Sheet No. 10 Third Revised Sheet No. 11 Replaces Second Revised Sheet No. 11 Fourth Revised Sheet No. 12 Replaces Third Revised Sheet No. 12 Fourth Revised Sheet No. 13 Replaces Third Revised Sheet No. 13 Fourth Revised Sheet No. 14 Replaces Third Revised Sheet No. 14 Fourth Revised Sheet No. 15 Replaces Third Revised Sheet No. 15 Fourth Revised Sheet No. 16 Replaces Third Revised Sheet No. 16 First Revised Sheet No. 17 Replaces Original Sheet No. 17 First Revised Sheet No. 18 Replaces Original Sheet No. 18 First Revised Sheet No. 19 Replaces Original Sheet No. 19 First Revised Sheet No. 20 Replaces Original Sheet No. 20

SECTION 3B COGENERATION RATE SCHEDULES

Third Revised Sheet No. 1 Replaces Second Revised Sheet No. 1 Third Revised Sheet No. 2 Replaces Second Revised Sheet No. 2 Third Revised Sheet No. 3 Replaces Second Revised Sheet No. 3 Third Revised Sheet No. 4 Replaces Second Revised Sheet No. 4 Third Revised Sheet No. 5 Replaces Second Revised Sheet No. 5 Third Revised Sheet No. 6 Replaces Second Revised Sheet No. 6 Third Revised Sheet No. 7 Replaces Second Revised Sheet No. 7 Third Revised Sheet No. 8 Replaces Second Revised Sheet No. 8 Third Revised Sheet No. 9 Replaces Second Revised Sheet No. 9 Third Revised Sheet No. 10 Replaces Second Revised Sheet No. 10

SECTION 3C ADJUSTMENT TARIFFS

Original Sheet 1

Original Sheet 2

Original Sheet 3

Original Sheet 4

Original Sheet 5

Original Officer 5

Original Sheet 6

Original Sheet 7

Original Sheet 8

Original Sheet 9

Original Sheet 10

SECTION 4 CONTRACTS WITH DEVIATIONS

Ninth Revised Sheet No. 1	Replaces Eighth Revised Sheet No. 1
First Revised Sheet No. 2	Replaces Original Sheet No. 2
First Revised Sheet No. 3	Replaces Original Sheet No. 3
First Revised Sheet No. 4	Replaces Original Sheet No. 4
Fourth Revised Sheet No. 5	Replaces Third Revised Sheet No. 5
Fourth Revised Sheet No. 6	Replaces Third Revised Sheet No. 6

SECTION 5 RULES AND REGULATIONS

SECTION 6 SAMPLE FORMS

Third Revised Sheet No. 1	
Sixth Revised Sheet No. 2	
Fifth Revised Sheet No. 3	
Fifth Revised Sheet No. 4	
Fourth Revised Sheet No. 5	
Sixth Revised Sheet No. 6	
Second Revised Sheet No. 7	
Second Revised Sheet No. 8	
Second Revised Sheet No. 9	
Second Revised Sheet No. 10	
Second Revised Sheet No. 11	
Second Revised Sheet No. 12	
Second Revised Sheet No. 13	
Third Revised Sheet No. 14	
Third Revised Sheet No. 15	
Third Revised Sheet No. 16	
Third Revised Sheet No. 17	
Third Revised Sheet No. 18	
Second Revised Sheet No. 19	
Second Revised Sheet No. 20	
Second Revised Sheet No. 21	
Second Revised Sheet No. 22	
First Revised Sheet No. 23	
First Revised Sheet No. 24	
First Revised Sheet No. 25	
First Revised Sheet No. 26	
First Revised Sheet No. 27	
First Revised Sheet No. 28	
First Revised Sheet No. 29	
Original Sheet No. 30	

Replaces Second Revised Sheet No. 1 Replaces Fifth Revised Sheet No. 2 Replaces Fourth Revised Sheet No. 3 Replaces Fourth Revised Sheet No. 4 Replaces Third Revised Sheet No. 5 Replaces Fifth Revised Sheet No. 6 Replaces First Revised Sheet No. 7 Replaces First Revised Sheet No. 8 Replaces First Revised Sheet No. 9 Replaces First Revised Sheet No. 10 Replaces First Revised Sheet No. 11 Replaces First Revised Sheet No. 12 Replaces First Revised Sheet No. 13 Replaces Second Revised Sheet No. 14 Replaces Second Revised Sheet No. 15 Replaces Second Revised Sheet No. 16 Replaces Second Revised Sheet No. 17 Replaces Second Revised Sheet No. 18 Replaces First Revised Sheet No. 19 Replaces First Revised Sheet No. 20 Replaces First Revised Sheet No. 21 Replaces First Revised Sheet No. 22 Replaces Original Sheet No. 23 Replaces Original Sheet No. 24 Replaces Original Sheet No. 25 Replaces Original Sheet No. 26 Replaces Original Sheet No. 27 Replaces Original Sheet No. 28 Replaces Original Sheet No. 29